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SUBJECT: SRI LANKA: COLOMBO PLAN BUDGET PROPOSAL STILL PENDING

REF: SECSTATE 59714

11. SUMMARY: In a meeting convened solely to approve the budget, the Colombo Plan failed to approve a proposed budget increase. Bangladesh, Japan, South Korea and the U.S. objected to the increase in membership dues. The remaining participating countries supported the increase. (Note: Burma lacked official instructions and did not vote.) The group hopes to gain consensus from all participating members at the next scheduled meeting on August 10. End Summary.

12. On June 5, the Colombo Plan convened a meeting to discuss its proposal to increase member countries' membership fees from \$346,675 to \$435,000. Underscoring reftel points, Emboff noted that the proposed cost increases for overseas travel, furniture and equipment, publications and commemorative programs were simply too high. The Colombo Plan Secretary General (SecGen) countered U.S. points as follows:

1A. Costs for overseas travel: The SecGen stated that it is necessary for Colombo Plan officers to meet appropriate host country officials if Colombo Plan wants to increase membership and encourage member countries to commit more resources. In addition, the increase in new Colombo Plan programs will necessitate more travel by its officers.

1B. Costs for furniture and equipment: The SecGen noted that Colombo Plan needs new office furniture and office equipment, such as computers, fax and scanning machines, due to the increase of staff in the Colombo Plan secretariat. She said these proposed costs also include money for new furniture and decoration materials for the library.

1C. Costs of publications: The SecGen highlighted that Colombo Plan is already distributing materials electronically; however, to promote itself in the media and at international events with the hope of expanding membership and garnering financial support, the organization needs to increase hardcopy distribution of publications. Colombo Plan currently prints and distributes 8,000 of its FOCUS newsletters, an increase of 6,000 over the previous year.

1D. Costs of commemorative activities: Colombo Plan wants to hold representational events for members, participants, and interested individuals to promote the organization and encourage additional financial support. The Secretary General said that she would rather not give the "usual Ceylon teabags" as souvenirs and would prefer to gift a commemorative plate, mug, t-shirt, or pen to members and participants. These funds would also be used to hold events that would commemorate Colombo Plan's activities, such as its upcoming reception on July 1 to celebrate the organization's 57th anniversary.

13. Other than the U.S., Bangladesh, Japan and South Korea also opposed the increase in dues. Bangladesh suggested that membership fees not be increased for least developed countries. Japan stated that its government supported a zero nominal growth budget in international organizations. South Korea and Japan both questioned

the large increase in representational and travel funds. All other participating countries supported the proposed increase in membership dues, except for Burma which did not receive official voting instructions. Vietnam and Singapore were not present at the meeting, but had officially notified Colombo Plan of their support in writing.

¶4. The June 5 meeting was presided by the Ambassador of Thailand (acting President) and Secretary General Patricia Chia. Ambassadors from Burma, Malaysia, Nepal, Philippines and Thailand, and official representatives from Bangladesh, India, Indonesia, Japan, South Korea, Pakistan, Sri Lanka and the U.S participated in the meeting. Iran, a regular attendee, was absent. The Colombo Plan agreed to convene a meeting on August 10 to finalize a decision of the proposed budget. Embassy will forward the official minutes of the June 5 meeting upon receipt from Colombo Plan.

¶5. Comment: The SecGen did not appreciate the U.S. stance against the proposed increase and pointedly argued each reftel point. The SecGen did not appear willing to consider lowering any of the budget costs, and thus did not propose submission of a revised budget for consideration to the members before the next meeting in August. Other than a slight nod of agreement from the South Korean and Japanese delegates, no other member voiced their support to the U.S. position. Embassy believes that the SecGen is counting on the approval from Burma and Bangladesh, which would then pressure the remaining countries to concede and allow the necessary consensus for the budget to pass.

MOORE